

Message Text

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17

ACTION XMB-04

INFO OCT-01 EA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 RSC-01 TRSE-00 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 SS-15 NSC-05 L-02 MC-02

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R 170825Z DEC 74

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 8616

INFO AMCONSUL HONG KONG

UNCLAS KUALA LUMPUR 5999

E.O. 11652: N/A

TAGS: EFIN MY

SUBJECT: MALAYSIA - EXIM LOAN FOR DOUGLAS DC-10 AIRCRAFT

FOR EXIM BANK

1. MALAYSIA GOVT TREASURY OFFICIAL INFORMS EMBASSY THAT EXIM LOAN WILL FINANCE 30 PERCENT TOTAL COST TWO MCDONNELL DOUGLAS DC 10 - SERIES 30 AIRCRAFT PURCHASED BY MALAYSIAN AIRLINE SYSTEM (MAS), A GOVT CORPORATION.

2. TREASURY OFFICIAL SAYS EXIM STIPULATES THAT MAS MUST INCREASE PAID-UP CAPITAL AS PRIOR CONDITION FOR LOAN APPROVAL. TREASURY ASKS FOR RECONSIDERATION THIS REQUIREMENT BECAUSE LOAN WILL BE FULLY GUARANTEED BY MALAYSIAN GOVT. TREASURY SAYS PAID-UP CAPITAL MIGHT BE INCREASED IN FUTURE, BUT ONLY REASON FOR DOING SO NOW WOULD BE TO QUALIFY FOR EXIM LOAN.

3. TREASURY ALSO POINTS OUT EXCELLENT RECORD OF MAS ON PREVIOUS EXIM LOANS FOR PURCHASES OF BOEING 737 AIRCRAFT.

4. COMMENT. GOM CAPITALIZES MAS AND HOLDS MOST OF MAS SHARES. ALSO GOM, WHICH GUARANTEES LOAN REPAYMENT, HAS SUBSTANTIAL UNCLASSIFIED

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FOREIGN EXCHANGE RESERVES AND EXCELLENT CREDIT RATING WITH

IFIS AND WITH PRIVATE SECTOR. THEREFORE, EX-IM REQUIREMENT
FOR INCREASE IN PAID-UP CAPITAL OF MAS AS PREREQUISITE TO
DC-10 LOAN DIFFICULT TO UNDERSTAND.

5. ACTION REQUESTED: THAT EX-IM RECONSIDER APPROVAL OF
DC-10 LOAN WITHOUT REQUIRING INCREASE PAID-UP CAPITAL IN MAS.

6. PLEASE ADVISE.
UNDERHILL

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIRCRAFT, PROCUREMENT, BANK LOANS
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Draft Date: 17 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
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30 JUN 2005

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